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SUBJECT: EMBASSY MINSK WEEKLY REPORT - July 27, 2005

¶1. The following are brief items of interest compiled by Embassy Minsk over the past week.

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Political Developments  
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¶2. No Election Observation

On July 21, Secretary of the Central Elections Commission Nikolai Lozovik stated the Belarus does not want international observers at elections because they base their conclusions on the outcome of the vote rather than on the process. He referred to elections in the Ukraine and Kyrgyzstan, claiming that observers changed their stance two days after Bakiyev's election because they disagreed with his policies. Lozovik expressed puzzlement at Azerbaijan's agreement to allow the U.S. to conduct exit polls in November parliamentary elections, saying "it's only in a mouse trap that one can find free cheese. If someone gives you aid, you should think about the goals pursued by the sponsor".

¶3. Constitutional Elections.

On July 22, Secretary of the Central Elections Commission Nikolai Lozovik announced that the presidential election would take place no later than July 19, 2006 in accordance with the constitution. The actual date will be decided by April 19. Lozovik added that turnout would be better in a summer or autumn election.

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Human Rights  
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¶4. New Social Democratic Leader, Maybe

During a July 25 meeting, the Social Democratic Party confirmed former rector of Belarusian State University Alexander Kozulin as the new party chairman. Former party chairman Anatoli Levkovich will be first deputy. The party finished voting before police evacuated the building, citing an alleged bomb threat. Deputy chairman of the party, Vladimir Nistyuk, fears that authorities would not recognize Kozulin as party leader. In this case, former leader Levkovich would continue as formal chairman, but Kozulin would actually lead the party.

¶5. Labor Union Gets Full Power

On July 20, a new Lukashenko decree gave the pro-government Belarusian Trade Union Federation (BTUF) power to conduct legal and technical inspections of

commercial entities even if there are no trade union member employees on the staff. The decree allows the BTUF to "provide additional protection of labor, social and economic rights and interests of all working Belarusians".

#### 16. Property Seized

On July 19, the GOB seized USD 312 worth of property from the home of sports newspaper editor Vladzimir Berazhkov. Minsk Tsentralny district court fined Berazhkov USD 4,650 earlier this year in response to a libel suit against his Pressbol newspaper. He did not have the sum, and police seized USD 149 worth of property in March. [Note: as reported last week, Berazhkov was convicted of libel, even though his reporting was accurate.]

#### 17. Youths Arrested

On July 21, police arrested eight youths protesting Lukashenko's 11th year as president, his policies, and the imprisonment of opposition politicians. The demonstrators carried images of several jailed politicians and held a banner reading "Freedom to political prisoners". They also distributed unregistered bulletins about the country's political situation and the fate of the opposition.

#### 18. Extended Detention

On July 26, the Prosecutor General's Office extended opposition activist Sergei Skrebets' pre-trial detention until August 27 to prevent him from "illegally

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influencing people involved in the case." Skrebets is now eating after his 40-day hunger strike and his health condition is normal. Skrebets claims that the bribery and embezzlement charges against him are politically motivated.

#### 19. Accusations Withdrawn

On July 22, Pervamayski district court threw out the slander charges against opposition politician Andrei Klimov. In April, Klimov was charged with slandering Lukashenko in three books, but the judge ruled Klimov's actions were not socially dangerous. In June, the court sentenced Klimov to three years of corrective labor for organizing a protest action in March, but Klimov remains free on appeal.

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Economics  
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#### 10. Widespread Tax Crime

On July 26, the Tax Ministry reported that in H1 2005, 62.7 percent of inspected companies and 64 percent of individual entrepreneurs broke tax laws. The ministry fined over 3,000 people a total of USD 934,804 for violating alcohol and tobacco regulations and filed four criminal cases. Control purchase measures yielded USD 224,054 of overdue taxes and fines and USD 558,393 worth of confiscated property. Almost 2,000 people face administrative prosecution and fines totaling USD 514,216.

#### 11. Official Punishment

On July 26, vice-premier Andrei Kobyakov suggested punishing officials whose "passiveness and inactivity" resulted in failure to reach H1 investment targets. H1 capital investments totaled USD 2,522. Belarusian

Railways, the State Aviation Committee, Belneftekhim, Bellegprom, Belgospischeprom and Belbiopharm all failed to meet their targets. Kobyakov blamed banks' unwillingness to credit companies as one reason behind investment failure.

#### ¶12. Belarus Fails

On July 27, the Economy Ministry announced that state budget proceeds from selling and renting out state property only met 55.5 percent of the target for January - June. The GOB hopes to gain USD 167 million from privatization in 2005. This is the first year in which the fund-raising requirements are evenly distributed amongst all ministries, not just the Economy Ministry. In 2004, the GOB fulfilled only 3 percent of its USD 47 million target for revenues from property sales.

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Education  
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#### ¶13. School Admission Rules

On July 25, Lukashenko requested the government write a presidential edict on admission procedures to higher learning institutes. Head of the State Control Committee Anatoli Tozik briefed Lukashenko on the summer's university admission process, as well as on an audit of the Grodno regional government, inspections of private clinics, and employment centers and wage delays at state and private companies. Lukashenko reiterated the necessity of punctual wage, pension and student allowance payments, while instructing the SCC to continue examining the quality and costs of health services.

#### ¶14. Foreign Education Handbook

On July 21, a handbook about foreign universities was published for students in Belarus. The book includes information about education systems and universities in the US, Canada and 12 European countries. It also contains a preface warning that "Emigrating and turning into a Canadian, American or German worker is the worst thing that may happen to our compatriots there... the most advanced people come back home after graduating from Oxford and Princeton".

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Anti-US

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#### ¶15. Information Warfare

On July 25, Alexander Busko of the military newspaper Vo Slavu Rodiny wrote an article describing the USG's information war against Belarus. The US discredits "the enemy in the eyes of the international community", just as it did against Iraq and Yugoslavia.

#### ¶16. US Causes Pole Conflict

On July 25, state television channel ONT broadcast that the US and Poland are forming a closer union. Reporter Ruslan Poddubski asserted that the US is trying to drive apart Belarus and Poland by using the Union of Belarusian Poles. Apparently, the USG will not succeed, as Belarusians have always been friends with Poles and no external force will change that.

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Miscellaneous  
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#### ¶17. Visa-Free to Syria

On July 25, Lukashenko approved a draft agreement with Syria to allow bilateral, visa-free travel for holders of diplomatic, official and special passports. The measure would expand bilateral contacts and ease travel formalities for nationals of Belarus and Syria.

#### ¶18. Belarus Least Corrupt of CIS

On July 20, Ivan Ivanov, head of the International Finance Corporation in Belarus, announced that relations between small and medium businesses and state bodies in Belarus are the least corrupt in the CIS. Corruption includes all additional payments needed to register a business, which is lower in Belarus than in other CIS states. In 2004, it cost USD 736 to open a business, excluding unofficial money paid to state officials. Corruption levels were highest in Azerbaijan. Only in Belarus did levels rise in comparison to 2003. Ivanov blames this on a lack of coordination and complexity in Belarusian laws.

#### ¶19. Spying Poles Banned

On July 22, the MFA announced its ban on a Warsaw-based Polish foundation, Dialogue, that promotes cooperation between European researchers. According to the MFA, the foundation was a cover for spying activities on CIS territories "under the guise of merely scientific interests". News reports said that the organization tried to recruit Belarusian researchers with access to classified information and that Polish embassy officers were also involved in espionage.

#### ¶20. Labor Ministry Inspection

On July 22, the Labor Ministry publicized the results of 7,000 inspections of organizations and enterprises conducted from January to June. The Ministry found 164,000 violations of occupational safety rules, closed 23 workshops and removed 10,000 machines from service. They also fined 5,500 managers a total of USD 93,250 for failure to enforce occupational safety standards and charged 31 with criminal offences. Inspections of 3,500 small businesses revealed 39,000 violations resulting in 1,500 fines.

#### ¶21. Iranian Cars

On July 26, Speaker of the Lower Chamber of Parliament Vladimir Konoplev met with Abdol Rakhman Galambor of Iran Khodro Company about the establishment of Iranian car production facilities in Belarus. Iran Khodro, the largest carmaker in the Middle East, wants to set up a joint venture with Belarusian Unison CJSC to produce 2,000 to 3,000 cars annually.

#### ¶22. Belarusian Seaport

On July 27, Lukashenko announced that Russia will allow Belarus to build its own seaport in Kaliningrad and to redirect the majority of its freight traffic there. Currently, Belarusian cargo passes through Russia, the Ukraine and the Baltics.

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Quote of the Week

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¶23. On July 26, Lukashenko blamed the U.S. for instigating the conflict between Belarus and Poland:

" The Belarusian Poles will not be cannon fodder for Washington or Warsaw nor will we let Belarusian Poles be some puppets on a string. I warn you: I will protect the nation with all constitutional means available. Nobody's happy about America's policy in Europe. One empire, one center is willing to control all its rivals - China, Europe and Russia. Poland is like a bone stuck in Europe's throat. Belarus is the bone in the throat of America."

KROL